



Maxim Power Corp. Announces 2023 Second Quarter Financial and Operating Results

CALGARY, Alberta (August 10, 2023) – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the second quarter and six months ended June 30, 2023. The unaudited condensed consolidated interim financial statements, accompanying notes and Management's Discussion and Analysis ("MD&A") will be available on SEDAR+ and on MAXIM's website on August 10, 2023. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue	-	48,380	-	84,172
Net income	5,964	8,565	13,715	25,463
Earnings per share – basic	0.12	0.17	0.27	0.51
Earnings per share – diluted	0.11	0.15	0.24	0.42
Adjusted EBITDA ⁽¹⁾	8,988	18,781	20,719	34,674
Total generation – (MWh)	-	390,813	-	784,404
Total fuel consumption – (GJ)	961	4,119,567	22,507	8,303,475
Average Alberta market power price (\$ per MWh)	159.79	122.47	150.95	106.32
Average realized power price (\$ per MWh)	-	123.79	-	107.31
Total net debt ⁽¹⁾	36,096	66,515	36,096	66,515
Total assets	390,009	365,459	390,009	365,459

(1) Select financial information was derived from the consolidated financial statements and is prepared in accordance with GAAP, except adjusted Earnings before Interest, Income Taxes, Depreciation and Amortization ("Adjusted EBITDA"), which is a non-GAAP measure (see **Non-GAAP Financial Measures** below). Net debt is included in the notes to the consolidated financial statements. It is calculated to include: loans and borrowings (including the convertible loan facility) less unrestricted cash

OPERATING RESULTS

During the second quarter of 2023, MAXIM recorded net income and Adjusted EBITDA⁽¹⁾ of \$6.0 million and \$9.0 million, respectively, as compared to \$8.6 million and \$18.8 million, respectively, in the same period of 2022. Net income in the second quarter of 2023 decreased as compared to the same period in 2022 primarily due to the Milner 2 ("M2") unplanned outage arising from the non-injury fire which resulted in no generation from M2 in the second quarter of 2023 and unrealized and realized commodity swap gains in 2022, partially offset by the business interruption claim in 2023. A significant portion of the decrease to Adjusted EBITDA was due to the M2 unplanned outage in the second quarter of 2023, partially offset by the business interruption claim. (see **Insurance Information Update** below).

M2 RETURN TO SERVICE UPDATE

MAXIM is near completion of the necessary repairs to restore M2 to operational service and has commenced hot commissioning activities for the Combined Cycle Gas Turbine (“CCGT”) expansion of M2. Hot commissioning activities are anticipated to occur over an approximate three-month period, during which there will be periodic outages of the facility resulting in intermittent generation of electricity. The CCGT expansion will increase total generation capacity of M2 from 204 MW to approximately 300 MW and lower operations and maintenance costs per MWh as a result of operational efficiencies.

M2 CCGT EXPANSION PROJECT UPDATE

Completion of the CCGT expansion of M2 will allow for the capture of waste heat that would otherwise exhaust into the atmosphere and turn it into useful low carbon electricity for the Alberta power grid. The CCGT expansion of M2 will reduce the intensity of carbon emissions by more than 60% compared to the legacy coal-fired H.R. Milner facility. The estimated project cost, excluding borrowing costs and the net effect of \$20 million of grant proceeds, is currently \$162 million.

At this time, MAXIM forecasts it has sufficient liquidity to fund both the CCGT expansion of M2 and the replacement of the air inlet filter house and will fund these costs using cash on hand, available funds through the existing senior and subordinated credit facilities, and anticipated insurance proceeds, as required.

INSURANCE INFORMATION UPDATE

MAXIM confirms coverage for the non-injury fire incident subject to the terms and conditions of the Corporation’s property insurance policy, including business interruption provisions. As of the date of this press release, MAXIM has cumulatively submitted claims for \$72.5 million, of which \$54.5 million relates to business interruption and \$18.0 million relates to property damage. As of the date of this press release, \$50.6 million has been paid by the insurance company in relation to these claims. The Corporation continues to progress the insurance claims for damages and future lost earnings.

MAXIM submitted an additional insurance claim for a delay in start up related to the non-injury fire incident under its Course of Construction (“COC”) insurance policy, which includes a provision for Delay in Start Up (“DSU”) coverage relating to the CCGT expansion of M2. The Corporation has received a denial of coverage under this policy from the insurer and is currently evaluating its options in relation to this claim. No amounts have been recognized by the Corporation in relation to this claim. The COC policy continues to remain in effect during the construction and commissioning of the CCGT Expansion of M2.

NON-GAAP FINANCIAL MEASURES

Management evaluates MAXIM’s performance using a variety of measures. The non-GAAP measure discussed below should not be considered as an alternative to or to be more meaningful than net income of the Corporation, as determined in accordance with GAAP, when assessing MAXIM’s financial performance or liquidity.

This measure does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows before interest, income taxes, and depreciation and amortization and certain other non-recurring income and expenses.

(\$000's)	Three months ended		Six months ended	
	June 30		June 30	
	2023	2022	2023	2022
GAAP Measures from Condensed Consolidated Statement of Operations				
Net income	5,964	8,565	13,715	25,463
Income tax expense	1,862	202	4,142	5,307
Finance expense, net	1,261	1,757	2,617	3,440
Depreciation and amortization	1,840	2,164	3,849	4,269
	10,927	12,688	24,323	38,479
Adjustments:				
Other expense (income), net	(18,565)	41	(38,528)	41
Business interruption insurance claim	16,372	-	34,522	-
Unrealized loss (gain) on commodity swaps	88	5,928	88	(4,089)
Share-based compensation	166	124	314	243
Adjusted EBITDA	8,988	18,781	20,719	34,674

Adjusted EBITDA is calculated as described above from its most directly comparable GAAP measure, net income, and adjusts for specific items that are not reflective of the Corporation's underlying operations and excluding other non-cash items.

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows attributable to shareholders before finance expense, income taxes, depreciation and amortization, and certain other non-recurring or non-cash income and expenses. Financing expense, income taxes, depreciation and amortization are excluded from the Adjusted EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA for the second quarter and first six months ended June 30, 2023 and June 30, 2022 management included business interruption insurance claim proceeds as it reflects a portion of earnings that would have been earned if M2 was operational and excluded certain non-cash and non-recurring transactions. In both 2023 and 2022, Adjusted EBITDA excluded all items of other income and expense including: unrealized gains on commodity swaps and share-based compensation.

About MAXIM

Based in Calgary, Alberta, MAXIM is one of Canada's largest truly independent power producers. MAXIM is now focused entirely on power projects in Alberta. Its core asset – the 204 MW H.R. Milner Plant, M2, in Grande Cache, AB – is a state-of-the-art natural gas-fired power plant that commissioned in Q2, 2020. MAXIM is currently increasing the capacity of M2 to approximately 300 MW and concurrently will realize an improvement in the efficiency of the plant by investing in heat recovery combined cycle technology. In addition, MAXIM continues to explore additional development options in Alberta including its currently permitted gas-fired generation projects and the permitting of its wind power generation project. MAXIM trades on the TSX under the symbol "MXG". For more information about MAXIM, visit our website at www.maximpowercorp.com. For further information please contact:

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Forward-looking statements

This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to MAXIM's plans and other aspects of MAXIM's anticipated future operations, management focus, objectives, strategies, financial, operating and production results. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement. Specifically, this press release contains forward-looking information concerning, among other things, the timing of hot commissioning activities, expected benefits and costs of the CCGT expansion of M2, current expectation on MAXIM's periodic outages resulting in intermittent generation of electricity (and related revenue) from its Milner operations and MAXIM's insurance claim related to the same.

Forward-looking information is based on certain assumptions and analysis made by MAXIM in light of our experience and MAXIM's perception of historical trends, current conditions, expected future developments and other factors MAXIM believes appropriate under the circumstances. These include, among other things, assumptions regarding the, the timing of hot commissioning activities, insurance coverage, estimated project costs and MAXIM's current expectations on its inability to generate electricity (and related revenue) from its Milner operations.

MAXIM's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that MAXIM will derive there from. Risk factors include that MAXIM will not continue to have access to its credit facilities or that it will be in default thereunder, that MAXIM may not be able to resume electricity generating (and associated revenue generating) activities in the timelines described herein, that MAXIM will not have access to the necessary labour, equipment and materials to conduct and that MAXIM may not be covered by insurance for the air inlet filter house repairs and business interruption. Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect MAXIM's business, operations or financial results are included in the reports on file with applicable securities regulatory authorities, including but not limited to MAXIM's Annual Information Form for the year ended December 31, 2022, which may be accessed on MAXIM's SEDAR+ profile at www.sedarplus.ca. These forward-looking statements are made as of the date of this press release and MAXIM disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.